



NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

AMENDMENT TO PAID UP OIL AND GAS LEASE

STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF TARRANT §

WHEREAS on April 7, 2008, an Oil and Gas Lease was entered into by and between **Charles R. Nutt and Susan E. Nutt**, whose address is 405 Colgate Ct, Arlington TX 76014, herein called "Lessor," and **Paloma Barnett, LLC**, whose address is 1021 Main Street, Suite 2600, Houston, TX 77002-6066, herein called "Lessee";

Whereas the Oil and Gas Lease is filed of record under County Clerk's File No. **D208426160**, Official Public Records, Tarrant County, Texas;

WHEREAS, Lessor desires to amend said Oil and Gas Lease as set forth below;

The Lease states that the land covered thereby (the "leased premises") is described as follows:

0.2366 acres of land, more or less, also being known as Blk 6, Lot 133, of the Stoneridge Addition, First Installment, an addition to the City of Arlington, Tarrant County, Texas, according to the Revised Plat recorded in Volume 388-50, Page 61, of the Plat Records of Tarrant County, Texas out of the H. Blackwell Survey, Abstract Number 149, and amendments thereof, including streets, easements, and alleyways adjacent thereto, and any riparian rights.

AND

Paragraph 5. Royalty is incomplete.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Oil and Gas Lease as follows:

The PROPERTY DESCRIPTION within the Oil and Gas Lease filed in the Official Public Records of Tarrant County, Texas as referenced above is deleted in its entirety and substituted with the following Property Description:

0.2366 acres of land, more or less, also being known as Blk 6, Lot 131, of the Stoneridge Addition, First Installment, an addition to the City of Arlington, Tarrant County, Texas, according to the Revised Plat recorded in Volume 388-50, Page 61, of the Plat Records of Tarrant County, Texas out of the H. Blackwell Survey, Abstract Number 149, and amendments thereof, including streets, easements, and alleyways adjacent thereto, and any riparian rights.

And do hereby further amend the oil and gas lease as follows:

PARAGRAPH 5. ROYALTY referenced above is deleted in its entirety and substituted with the following:

5. Royalty. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) for oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be twenty five percent (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a

prevailing price) for production of similar grade and gravity; and (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be twenty five percent (25%) of the proceeds realized by Lessee from the sale thereof, computed at the point of sale, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder.

Royalties on oil, gas and other substances produced and saved hereunder which are processed in a processing plant in which Lessee, or an affiliate of Lessee, has a direct or indirect interest, shall be calculated based upon the highest of the proceeds received or the market value of the products so processed. Similarly, on oil, gas and other substance produced and saved hereunder which are sold to Lessee, or an affiliate of Lessee, royalties shall be paid based upon the higher of the market value of the products so sold and the proceeds received by Lessee for said products. Notwithstanding anything to the contrary herein, in no event shall any of Lessor's royalty bear any part of the costs of production or any post-production costs, including costs of lifting, gathering dehydration, compression, separation, delivery, transportation, manufacture, processing, treating or marketing, or for construction, operation or depreciation of any plant or other facility or equipment for processing or treating oil or gas produced from the leased premises or lands pooled therewith. In no event shall Lessor receive a price less than Lessee in sales to non-affiliates. It is the intent of the parties that the provisions of this section are to be fully effective and enforceable and are not to be construed as "surplusage" under the principles set forth in *Heritage Resources v. NationsBank*, 939 S.W.2d 118 (Tex. 1997).

As used herein, "affiliate" means (i) a corporation, joint venture, partnership or other entity that owns more than ten percent (10%) of the outstanding voting interest of Lessee or in which Lessee owns more than ten percent (10%) of the outstanding voting interest; or (ii) a corporation, joint venture, partnership or other entity in which, together with Lessee more than ten percent (10%) of the outstanding voting interest of both the Lessee and the other corporation, joint venture partnership or other entity is owned or controlled by the same person or group of persons.

Lessee must disburse or cause to be disbursed to Lessor its royalty on production from a particular well not later than one hundred twenty (120) days after the end of the month following first delivery of gas from the well into the pipeline. Thereafter, Lessee must disburse or cause to be disbursed to Lessor by the last day of each month its royalty on production for which Lessee received payment in the preceding month, but in no event shall royalty be paid more than sixty (60) days after the last day of the month of production. If not paid when due, Lessor's royalty shall bear interest at the maximum lawful rate from due date until paid, which amount Lessee agrees to pay. Acceptance by Lessor of royalties that are past due shall not act as a waiver or estoppel of its right to receive interest due thereon unless Lessor expressly so provides in writing signed by Lessor.

The receipt by Lessee, or Lessee's operator, from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee, or Lessee's operator, acquiring legal or equitable title to those proceeds, but Lessee, or Lessee's operator, will at all times hold the proceeds in trust for the benefit of Lessor. Notwithstanding the insolvency, bankruptcy, or other business failure of a purchaser of production from Said Land or pipeline company transporting production from Said Land, Lessee will remain liable for payment to Lessor for, and agrees to pay Lessor all royalties due Lessor together with interest if not timely paid. Lessor retains the right to terminate the Lease for failure to pay royalties, after a period of written notice and opportunity to cure which shall not exceed sixty (60) days.

Gas produced from Said Land or pooled unit that Said Land is included therewith shall not be commingled with gas produced from any other lands prior to the point where the gas produced from this Lease passes through the meter which will measure the gas for calculating the payment made by the purchaser of gas production.

Lessors further acknowledge the Oil and Gas Lease as being valid and subsisting and in full force and effect and all of the rights granted to Lessee under the Oil and Gas Lease shall continue in full force and effect as to the terms and provisions of the Oil and Gas Lease.

IN WITNESS WHEREOF, this instrument is executed as of the date of acknowledgement of signature below, but shall be deemed effective for all purposes as of the date of the lease.

Lessor:

Charles R. Nutt
Charles R. Nutt

Susan E. Nutt
Susan E. Nutt

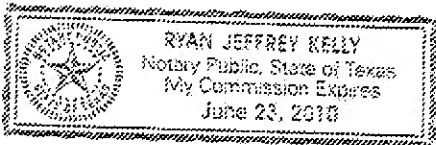
Lessee:

Paloma Barnett, LLC
By: Mark J. Gabrisch
Mark J. Gabrisch, Vice President Land

ACKNOWLEDGEMENT

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

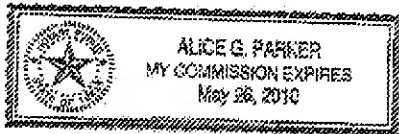
This instrument was acknowledged before me on the 1 day of September 2009, by Charles R. Nutt and Susan E. Nutt



R. Kelly
Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 9th day of September 2008, by Mark J. Gabrisch as Vice President Land, of Paloma Barnett, LLC on behalf of said limited liability company.



Alice G. Parker
Notary Public, State of Texas